

**CITY OF
KEWANEE, ILLINOIS**

**ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

April 30, 2009

CITY OF KEWANEE, ILLINOIS

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**CITY OF KEWANEE, ILLINOIS
CITY OFFICIALS**

| <u>OFFICIAL TITLE</u> | <u>OFFICIAL</u> | <u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u> |
|-------------------------------------|-------------------|--|
| <u>Elected Officials</u> | | |
| Mayor | Bruce Tossell | 04/30/2011 |
| Council Member | Kellie Wallace | 04/30/2011 |
| Council Member | Duane Gillespie | 04/30/2011 |
| Council Member | Mike Yaklich | 04/30/2013 |
| Council Member | Bob Kuntz | 04/30/2013 |
| <u>Administration</u> | | |
| City Manager | Kip Spear | |
| City Clerk | Melinda Edwards | |
| City Attorney | John Blachinsky | |
| City Treasurer | Alan Salisbury | |
| <u>Departments</u> | | |
| Police | Chief James Dison | |
| Fire | Chief Tom Weston | |
| Public Works Coordinator | Kip Spear | |
| Parks and Cemetery | Pat Dooley | |
| Health, Building and Zoning | Kip Spear | |
| Central Maintenance | Rod Johnson | |
| Operations Manager | Mike Rapczak | |
| City Engineer | vacant | |
| Finance and Administrative Services | Deborah Johnson | |

INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council
and City Manager
City of Kewanee, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kewanee, Illinois, as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Kewanee, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighter Pension Fund and the Police Pension Fund, which represent \$6,316,296 and \$6,517,146 respectively, of the assets of the Trust Fund. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighters Pension Fund and the Police Pension Fund is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the City of Kewanee, Illinois, prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the results of the cash transactions of the funds of the City of Kewanee, Illinois, as of and for the year ended April 30, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009, on our consideration of the City of Kewanee, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 10 and 31 through 36 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kewanee, Illinois' basic financial statements. The introductory section and combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Doyle & Keenan, P. C.

October 16, 2009

CITY OF KEWANEE, ILLINOIS
Management's Discussion and Analysis

This section of the City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on April 30, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- Fund balance decreased to \$24,012,000 - that is an approximate decrease of \$951,000 from the prior year. See page 38.
- Total receipts, including other financing sources (net of transfers), decreased by approximately \$1,214,000 from the prior fiscal year.
- Total disbursements increased by approximately \$463,000 from the prior fiscal year.
- There were no new City functions added this year. There were two new revolving loans given totaling \$385,000, and \$222,000 of principal payments received on outstanding loans. In addition, \$127,000 of bond proceeds was received due to refinancing of the Mill Creek TIF Bonds during the year. Property tax revenue increased by approximately \$641,000 due to the inclusion of an erroneously omitted bond levy of \$300,000 from the prior year along with the bond levy for the current year of \$297,000. Investment income decreased by approximately \$2,668,000 due to the decrease in market value of the investments held by the Police and Firefighter Pension funds. Licenses and permits increased by \$214,000 over the prior year due to an increase of 4% on the Simplified Municipal Telecommunications Tax. Other receipts increased by approximately \$296,000 due to the receipt of money from ethanol plants because of the expansion of the City's enterprise zone.

Overview of the Financial Statements

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major funds and internal service funds.

The basic financial statements include two kinds of statements that present different views of the City:

- The government-wide financial statement is designed to provide readers with a broad overview of the City's overall financial status. The government-wide financial statement can be found on page 12.

The government-wide financial statement distinguishes functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (proprietary activities).

- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statement.

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- The governmental fund statements tell how general government services were financed. The City maintains twenty-four individual governmental funds. Information is presented separately in the governmental statement of cash transactions for the General and Acquisition Funds, both of which are considered major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of the non-major governmental funds is provided on pages 39-41 of this report.

The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for both of the major governmental fund types has been provided on pages 32-33 of this report.

- Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds, enterprise and internal service.

Enterprise and internal service funds are used to report the same functions presented as business-type activities. The enterprise fund is reported in the government-wide financial statement and the internal service fund is reported in the fund financial statements.

The City utilizes eight enterprise funds to account for Waterworks, Sewerage, Refuse, Cemetery, and Ambulance activities. Information is presented separately in the proprietary statement of cash transactions for the Sanitation, Water and Sewer Funds, all of which are considered major funds. Data from the other proprietary funds are combined into a single, aggregate presentation. Individual fund data for each of the non-major proprietary funds is provided on page 42 of this report.

The City adopts an annual appropriated budget for all of the proprietary funds. A budgetary comparison statement for each of the major proprietary fund types has been provided on pages 34-36 of this report.

In addition, the City utilizes two internal service funds to account for city Maintenance and Self-Insured activities.

- Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Fiduciary funds are not reflected in the government-wide financial statement because the assets of those funds are not available to support the City's programs.

The accounting for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds utilized by the City are the Police and Firefighter Pension Trusts and the Cemetery Board of Managers Fund. Individual fund data for each of these funds is provided on pages 43 and 44 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-29 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 31-36 of this report.

The combining and individual fund financial statements and schedules referred to earlier are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 38-44 of this report.

Financial Analysis of the City as a Whole

- Fund balance decreased to \$24,012,000 – that is an approximate decrease of \$951,000 from the prior year. The majority of the decrease relates to a \$2,500,000 loss on the value of investments within the Firefighter and Police pension funds. The majority of the increases were seen in the General, Acquisition, Sewer Bond, Water, and Sewer Funds. The increase in the General Fund was due to an increase in the Simplified Municipal Telecommunications Tax from 2% to 6% effective 1/1/08 and from the expansion of the City's Enterprise Zone to include the ethanol plant in Annawan. In addition, operating expenses remained consistent with the prior year. The increase in the Acquisition Fund was attributable to actual purchases being less than what was budgeted for the use of transfers in. The increase in the Sewer Bond Fund was due to the collection of two years of property taxes to make up for none in the prior year. The increase in the Water Fund was due to transfers in increasing and transfers out decreasing over the prior year. In addition, operating revenue increased slightly while operating expenses increased by \$97,000 over the prior year. Finally, the increase in the Sewer Fund was due to operating revenues increasing over 10%, operating expenses decreasing somewhat and transfers in was budgeted at \$340,000 over transfers out.
- The decrease in total receipts of approximately \$1,214,000 including other financing sources (net of transfers), was related to a decrease in investment income of approximately \$2,668,000. However, the City reported an increase in property taxes of \$641,000; license and permits by \$214,000; ambulance fees increased \$74,000; water and sewer fees of \$200,000; and miscellaneous income of approximately \$300,000 due to the expansion of the City's Enterprise Zone.
- The increase in total disbursements of approximately \$463,000 was related to two additional revolving loans entered into; an increase in operations for the closing costs on TIF lot sales; and an increase in health insurance costs.

Financial Analysis of the City's Funds

The General Fund of the City experienced an excess of receipts over disbursements by \$357,000. Receipts over disbursements were \$1,869,000, before net transfers to other funds of \$1,512,000, which went to fund other operations of the City. See page 14.

The following funds had deficit fund balances at April 30, 2009:

| | | |
|--|----|----------------|
| Debt Service Funds - TIF Development Fund | \$ | <u>34,651</u> |
| Enterprise Funds - IEPA Water Treatment Fund | \$ | <u>335,215</u> |
| Enterprise Funds - Sewer Improvement Fund | \$ | <u>8,376</u> |

The deficits in these funds resulted from expenditures exceeding the property taxes levied or operating transfers in and will be eliminated through future tax levies, refunds received, bond proceeds, or operating transfers.

Budgetary Highlights

Over the course of the year, the City Council revised the City budget in response to unanticipated sources of revenue and the need to redirect existing resources.

- Total receipts were over budget by \$496,000, which relates to the amounts received for water and sewer services, EMS fees and sales tax collected being more than what was budgeted. Total disbursements were under budget by \$1,654,000. This amount is primarily related to actual expenditures being less than budgeted for acquisitions, Public Works personnel, economic development, and water production improvements.

Capital Asset and Debt Administration

- Capital expenditures for the fiscal year ended April 30, 2009, were as follows:

| | |
|------------------------------------|-------------------|
| General Street Maintenance Program | \$ 465,398 |
| Police Squad Cars (2) | 43,908 |
| Traffic Signs | 9,445 |
| Watchguard Video | 9,614 |
| Truck with Plow | 26,958 |
| Chevy Impalas (2) | 36,076 |
| 6th and Main Street Project | 11,514 |
| Routes 78/81 Improvement Project | 34,407 |
| Sewer Repair | 93,187 |
| Pump at Lift Station | 11,278 |
| Air Cooling System at WWTP | <u>26,415</u> |
| | <u>\$ 768,200</u> |

- The City's net outstanding debt decreased by approximately \$812,000 over the prior year due to principal payments made on outstanding debt of \$939,000 and \$127,000 of additional borrowings due to the refinancing of the 2003 Mill Creek TIF Bonds during the fiscal year.

Economic Factors and Next Year's Budgets and Rates

- The worldwide economic crisis in 2008 has resulted in a significant loss of employment in Kewanee's manufacturing sector. Likewise, losses of 12% or more in sales tax revenue due to decreased consumer spending have occurred since November 2008. Property values have declined, and are not expected to rebound any time soon. Combining this with the inability of the community as a whole to maintain their property at past levels will result in static, or declining property values. That in turn affects property tax rates, and the ability of taxing bodies to collect the property taxes levied. An increase in mortgage foreclosures has resulted in an increased number of vacant houses that go uncared for and the vegetation eventually develops into a nuisance condition.
- State of Illinois shared revenues, such as sales tax, local share of state income tax, Corporate Personal Property Replacement Tax, and Motor Fuel Taxes are all declining due to both the poor economy and the deficit spending in the State of Illinois' budget. Kewanee's Rescue Squad and Transfer Ambulance provide services to a number of citizens that qualify for Medicaid and Medicare programs. Reduced ability of the State of Illinois to make prompt payments for those services will not help with cash flow.
- Effective with the utility invoices rendered to users in August 2009, the fees for water use will increase 7%. On that same invoice, sanitary sewer user fees will increase 20%. These increases were imposed in summer of 2008 as part of a three-phase increase in rates. The third, and final phased increase will take place in August 2010 when identical 7% and 20% rate increases will take place in the water rates and sanitary sewer rates, respectively. Despite the increased rates in these two Enterprise Funds, there is still predicted to be deficit spending in each fund.

- Related to the Water Fund balance is the negative balance of approximately \$335,000 in the IEPA Water Treatment Fund. Even though other sources of funds were used to pay this negative balance several years ago, the needed transfers from those funds to cover the negative balance have never been made. The net effect when these transfers are made will be to reduce the balance of the fund from which the transfers are taken, which will most likely be the Water Fund.
- At a referendum approved April 7, 2009, the voters of Kewanee approved a ½ of 1% increase in the sales tax. This non-home rule sales tax of ½ of 1% will become effective on the effected merchandise purchased in Kewanee starting January 1, 2010. It is anticipated the tax will raise in excess of \$600,000 annually. Per Illinois Statute, the funds so raised can only be used for infrastructure replacement or property tax relief. Given the poor shape of Kewanee's infrastructure, the City Council's priority at this time is the repair of roads, drainage structures, water mains, and sanitary sewer mains.
- The City of Kewanee received payments from the Patriot ethanol plant in Annawan, Illinois in the 2008-2009 fiscal year totaling \$340,000. A second ethanol plant in Galva, Illinois is also scheduled to begin payments in 2009. If all payments are received per the existing agreements, the City will have received \$960,000 in the two-year period ending April 30, 2010. These funds are being reserved for use exclusively for economic development. These payments are related to Kewanee's extension of the Kewanee Enterprise Zone to include the ethanol plant sites in Annawan and Galva.
- The monthly payments from the Health Insurance Reserve Fund to the General Fund were completed in December of 2008. This was a repayment of \$1,040,000, which had been loaned by the General Fund to the Health Insurance Reserve Fund from approximately seven years ago. Barring adverse cost experience, that should allow the balance in the Health Insurance Reserve Fund to more quickly reach the \$1,250,000 balance goal set by Council.
- Kewanee was awarded \$391,500 in ARRA Stimulus grant funds for paving on FAU routes in Kewanee. Construction plans are being prepared, with bid letting expected in fall of 2009. Per the regulations, these funds are being treated as Motor Fuel Tax Funds.
- A new collective bargaining contract with Lodge 233 of the Fraternal Order of Police was given tentative agreement on the last day of the fiscal year. It is a three-year agreement with wage increases of 2.25% the first year, 2.25% the second year, and 2% the third year.
- Funds for vehicle and equipment replacement in the various branches of the Public Works Department were reduced significantly for fiscal year 2008-2009. It is anticipated this annual funding will continue to be reduced in fiscal year 2009-2010.

Request for Information

This financial report is designed to provide a general overview of the City of Kewanee, Illinois' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 401 East Third Street, Kewanee, IL 61443.

**GOVERNMENT-WIDE
FINANCIAL STATEMENT**

CITY OF KEWANEE, ILLINOIS
Statement of Cash Transactions -
Governmental and Proprietary Fund Types
Year Ended April 30, 2009

| | Governmental Fund Types | Proprietary Fund Types | Total |
|--|----------------------------|---------------------------|----------------------|
| Receipts: | | | |
| Taxes | \$ 2,463,091 | \$ 136,178 | \$ 2,599,269 |
| Licenses and Permits | 496,723 | - | 496,723 |
| Intergovernmental Receipts | 4,388,320 | - | 4,388,320 |
| Charges for Services | 453,284 | 4,762,880 | 5,216,164 |
| Use of Monies and Property | 196,503 | 25,103 | 221,606 |
| Fines and Forfeits | 144,938 | - | 144,938 |
| Other Receipts | 512,420 | 275,101 | 787,521 |
| Total Receipts | 8,655,279 | 5,199,262 | 13,854,541 |
| Disbursements: | | | |
| General Government | 1,207,968 | - | 1,207,968 |
| Public Safety | 3,724,143 | - | 3,724,143 |
| Public Works and Transportation | 1,247,698 | - | 1,247,698 |
| Health and Welfare | - | 364,174 | 364,174 |
| Culture and Recreation | 60,539 | - | 60,539 |
| Development | 417,450 | - | 417,450 |
| Debt Service: | | | |
| Principal Retirement | 938,853 | - | 938,853 |
| Interest and Fiscal Charges | 520,666 | - | 520,666 |
| Operations | 57,145 | 4,205,854 | 4,262,999 |
| Benefit Payments | - | - | - |
| Total Disbursements | 8,174,462 | 4,570,028 | 12,744,490 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | 480,817 | 629,234 | 1,110,051 |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 1,364,881 | 1,242,386 | 2,607,267 |
| Operating Transfers Out | (1,536,432) | (1,033,626) | (2,570,058) |
| Proceeds from Bond Sale | 126,734 | - | 126,734 |
| Proceeds from Revolving Loans | 221,758 | - | 221,758 |
| Net Change in Water Deposits | - | 5,894 | 5,894 |
| Total Other Financing Sources (Uses) | 176,941 | 214,654 | 391,595 |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 657,758 | 843,888 | 1,501,646 |
| Fund Balances (Deficits) - April 30, 2008 | 7,782,446 | 926,762 | 8,709,208 |
| Fund Balances (Deficits) - April 30, 2009 | \$ 8,440,204 | \$ 1,770,650 | \$ 10,210,854 |

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

CITY OF KEWANEE, ILLINOIS
Statement of Cash Transactions
Governmental Fund Types
Year Ended April 30, 2009

| | General Fund | Acquisition Fund | Other Governmental Funds | Total Governmental Fund Types |
|--|---------------------|---------------------|--------------------------------|-------------------------------------|
| Receipts: | | | | |
| Taxes | \$ 1,052,759 | \$ - | \$ 1,410,332 | \$ 2,463,091 |
| Licenses and Permits | 496,723 | - | - | 496,723 |
| Intergovernmental Receipts | 4,047,415 | - | 340,905 | 4,388,320 |
| Charges for Services | 439,228 | - | 14,056 | 453,284 |
| Use of Monies and Property | 151,870 | - | 44,633 | 196,503 |
| Fines and Forfeits | 144,938 | - | - | 144,938 |
| Other Receipts | 451,888 | - | 60,532 | 512,420 |
| Total Receipts | <u>6,784,821</u> | <u>-</u> | <u>1,870,458</u> | <u>8,655,279</u> |
| Disbursements: | | | | |
| General Government | 425,692 | - | 782,276 | 1,207,968 |
| Public Safety | 3,724,143 | - | - | 3,724,143 |
| Public Works and Transportation | 699,319 | 40,558 | 507,821 | 1,247,698 |
| Health and Welfare | - | - | - | - |
| Culture and Recreation | 34,083 | - | 26,456 | 60,539 |
| Development | 32,450 | - | 385,000 | 417,450 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 938,853 | 938,853 |
| Interest and Fiscal Charges | - | - | 520,666 | 520,666 |
| Operations | - | - | 57,145 | 57,145 |
| Benefit Payments | - | - | - | - |
| Total Disbursements | <u>4,915,687</u> | <u>40,558</u> | <u>3,218,217</u> | <u>8,174,462</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>1,869,134</u> | <u>(40,558)</u> | <u>(1,347,759)</u> | <u>480,817</u> |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | 4,920 | 201,500 | 1,158,461 | 1,364,881 |
| Operating Transfers Out | (1,516,873) | - | (19,559) | (1,536,432) |
| Proceeds from Bond Sale | - | - | 126,734 | 126,734 |
| Proceeds from Revolving Loans | - | - | 221,758 | 221,758 |
| Net Change in Water Deposits | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>(1,511,953)</u> | <u>201,500</u> | <u>1,487,394</u> | <u>176,941</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 357,181 | 160,942 | 139,635 | 657,758 |
| Fund Balances (Deficits) - April 30, 2008 | 3,983,364 | 1,563,654 | 2,235,428 | 7,782,446 |
| Reclass Between Funds | <u>43,883</u> | <u>-</u> | <u>(43,883)</u> | <u>-</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 4,384,428</u> | <u>\$ 1,724,596</u> | <u>\$ 2,331,180</u> | <u>\$ 8,440,204</u> |

See Notes to Financial Statements.

CITY OF KEWANEE, ILLINOIS
Statement of Cash Transactions
Proprietary Fund Types
Year Ended April 30, 2009

| | Sanitation Fund | Water Fund | Sewer Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Fund Types |
|---|-----------------|------------|------------|------------------------|------------------------|------------------------|------------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ 136,178 | \$ - | \$ - | \$ - | \$ 136,178 | \$ - | \$ 136,178 |
| Licenses and Permits | - | - | - | - | - | - | - |
| Intergovernmental Receipts | - | - | - | - | - | - | - |
| Charges for Services | 686,909 | 1,956,124 | 1,068,302 | 241,807 | 3,953,142 | 809,738 | 4,762,880 |
| Use of Monies and Property | 184 | 4,782 | - | 14,226 | 19,192 | 5,911 | 25,103 |
| Fines and Forfeits | - | - | - | - | - | - | - |
| Other Receipts | 43 | 29,454 | 44,758 | 10,093 | 84,348 | 190,753 | 275,101 |
| Total Receipts | 823,314 | 1,990,360 | 1,113,060 | 266,126 | 4,192,860 | 1,006,402 | 5,199,262 |
| Disbursements: | | | | | | | |
| General Government | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - |
| Public Works and Transportation | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | 364,174 | 364,174 | - | 364,174 |
| Culture and Recreation | - | - | - | - | - | - | - |
| Development | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | |
| Principal Retirement | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - |
| Operations | 649,223 | 1,261,220 | 1,060,074 | 49,546 | 3,020,063 | 1,185,791 | 4,205,854 |
| Benefit Payments | - | - | - | - | - | - | - |
| Total Disbursements | 649,223 | 1,261,220 | 1,060,074 | 413,720 | 3,384,237 | 1,185,791 | 4,570,028 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | 174,091 | 729,140 | 52,986 | (147,594) | 808,623 | (179,389) | 629,234 |
| Other Financing Sources (Uses): | | | | | | | |
| Operating Transfers In | - | 169,639 | 610,000 | 237,209 | 1,016,848 | 225,538 | 1,242,386 |
| Operating Transfers Out | (78,454) | (662,954) | (269,569) | (22,649) | (1,033,626) | - | (1,033,626) |
| Proceeds from Bond Sale | - | - | - | - | - | - | - |
| Proceeds from Revolving Loans | - | - | - | - | - | - | - |
| Proceeds from Water Deposits | - | 5,894 | - | - | 5,894 | - | 5,894 |
| Net Change in Water Deposits | - | (487,421) | 340,431 | 214,560 | (10,884) | 225,538 | 214,654 |
| Total Other Financing Sources (Uses) | (78,454) | (487,421) | 340,431 | 214,560 | (10,884) | 225,538 | 214,654 |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 95,637 | 241,719 | 393,417 | 66,966 | 797,739 | 46,149 | 843,888 |
| Fund Balances (Deficits) - April 30, 2008 | 191,639 | 545,656 | (199,525) | 26,982 | 564,752 | 362,010 | 926,762 |
| Fund Balances (Deficits) - April 30, 2009 | \$ 287,276 | \$ 787,375 | \$ 193,892 | \$ 93,948 | \$ 1,362,491 | \$ 408,159 | \$ 1,770,650 |

CITY OF KEWANEE, ILLINOIS
Statement of Cash Transactions
Fiduciary Fund Types
Year Ended April 30, 2009

| | Trust Funds | Agency Funds | Total Fiduciary Fund Types |
|---|----------------------|------------------|----------------------------------|
| Receipts: | | | |
| Taxes | \$ - | \$ 331,733 | \$ 331,733 |
| Licenses and Permits | - | - | - |
| Intergovernmental Receipts | - | - | - |
| Charges for Services | - | 20,285 | 20,285 |
| Use of Monies and Property | (1,879,826) | 476 | (1,879,350) |
| Fines and Forfeits | - | - | - |
| Other Receipts | 545,706 | - | 545,706 |
| Total Receipts | <u>(1,334,120)</u> | <u>352,494</u> | <u>(981,626)</u> |
| Disbursements: | | | |
| General Government | - | - | - |
| Public Safety | - | 332,181 | 332,181 |
| Public Works and Transportation | - | - | - |
| Health and Welfare | 16 | - | 16 |
| Culture and Recreation | - | - | - |
| Development | - | - | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Operations | 40,230 | - | 40,230 |
| Benefit Payments | 1,061,320 | - | 1,061,320 |
| Total Disbursements | <u>1,101,566</u> | <u>332,181</u> | <u>1,433,747</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>(2,435,686)</u> | <u>20,313</u> | <u>(2,415,373)</u> |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 14,275 | - | 14,275 |
| Operating Transfers Out | (37,128) | (14,356) | (51,484) |
| Proceeds from Bond Sale | - | - | - |
| Proceeds from Revolving Loans | - | - | - |
| Net Change in Water Deposits | - | - | - |
| Total Other Financing Sources (Uses) | <u>(22,853)</u> | <u>(14,356)</u> | <u>(37,209)</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | <u>(2,458,539)</u> | <u>5,957</u> | <u>(2,452,582)</u> |
| Fund Balances (Deficits) - April 30, 2008 | <u>16,237,865</u> | <u>15,820</u> | <u>16,253,685</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 13,779,326</u> | <u>\$ 21,777</u> | <u>\$ 13,801,103</u> |

See Notes to Financial Statements.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The City was originally incorporated in 1855 and reincorporated as a city under general law in 1872. The City is a non-home rule unit of local government and operates under a council-manager form of government. The City provides numerous services to citizens including law enforcement, fire protection, water and sewer utility services, sanitation, recycling, and landscape waste service.

REPORTING ENTITY

For financial reporting purposes, the City of Kewanee, Illinois has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

Blended component units, although legally separate entities, are in substance, part of the government's operations. Therefore, data from these units are combined with data of the primary government. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Blended component units within the reporting entity:

Cemetery Board of Managers - The governing board of the Cemetery Board of Managers is appointed by the City Council.

Firefighter Pension Trust Fund - Funding for the pension fund is provided by a property tax levy on the citizens of Kewanee, Illinois. City officials and employees are board members of the fund.

Police Pension Trust Fund - Funding for the pension fund is provided by a property tax levy on the citizens of Kewanee, Illinois. City employees and citizens are board members of the fund.

These component units' financial information is included in the trust fund combining schedule.

Excluded from the reporting entity:

Kewanee Municipal Airport Authority - The Mayor of the City of Kewanee, Illinois has appointment power over three members of the governing body of the Kewanee Municipal Airport Authority. The Airport Authority's governing board selects management staff, sets user charges, establishes budgets, and controls all aspects of general aviation, airport management and development. The City of Kewanee, Illinois provides no funding to the Airport Authority. Additionally, the City does not hold title to any of the Airport Authority's assets, nor does it have any right to any Airport Authority surpluses.

Kewanee Hospital and Kewanee Public Library - These potential component units have separate elected boards and provide services to residents, generally within the geographic boundaries of the government. These potential component units are excluded from the reporting entity because the government does not have the ability to exercise influence over daily operations, approve budgets or provide funding.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Kewanee Park District - The governing board of the Kewanee Park District is a separate governing body from the City of Kewanee, Illinois. The Kewanee Park District governing body selects management staff, sets user charges, establishes budgets, and controls all aspects of Park management within the district. The City of Kewanee, Illinois provides no funding to the Kewanee Park District. Additionally, the City does not hold title to any of the Park District's assets, nor does it have any right to any Park District surpluses.

Complete financial statements of the individual component units, which issued separate financial statements, can be obtained from their respective administrative offices.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statement reports information on all of the non-fiduciary activities of the City. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as a separate column in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The City of Kewanee, Illinois maintains its financial statements on the cash basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Revenues are recognized when they are received rather than earned, and expenses when paid rather than incurred. Fixed assets are expensed as purchased. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Acquisition Fund accounts for the acquisition of property for City purposes.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The City reports the following major enterprise funds:

The Sanitation Fund accounts for sanitation services provided to the residents of the City.

The Water Fund accounts for water services provided to the residents of the City.

The Sewer Fund accounts for sewer services provided to the residents of the City.

Internal Service Funds are used to account for health insurance coverage and maintenance services provided to other departments based on actual cost.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

The City reports the following fiduciary fund types:

The Police and Firefighter Pension Trust Funds account for the funds maintained by boards acting on behalf of the City in a fiduciary capacity for a public employee retirement system.

BUDGETS

The State of Illinois requires municipalities of less than 500,000 inhabitants to pass an ordinance within the first quarter of each fiscal year to appropriate sums of money deemed necessary to defray all necessary expenses and liabilities of the municipality. This ordinance, setting forth the appropriations budget, is adopted on the cash basis of accounting for all funds except the Police and Firefighters Pension Trust funds.

Statutory compliance with the appropriations budget is at the total expenditure level. State law provides authority for the City Council, by a two-thirds vote of all members of the body, to make transfers within any department of the City; however, any revisions that alter total appropriations are prohibited. All annual appropriations lapse at fiscal year-end.

An annual operating budget is also adopted, by resolution of the City Council, on the cash basis of accounting for all funds from the sum appropriated. The budget includes amounts of funds and categories of receipts and expenditures.

The City amends the budget through City Council action upon review of receipts and expenditures at mid-year and recommendation by the City Manager.

USE OF ESTIMATES

The preparation of financial statement in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and fund equities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

STATUTORY BUDGET COMPLIANCE

As explained in Note 1, the City adopts an annual appropriations budget, which is the legally binding budget. The City also adopts an operating budget by fund. The budgets are approved by the City Council and controlled by the City Manager.

Statutory compliance is demonstrated as follows:

| | |
|--------------------------------------|----------------------|
| Total Annual Appropriation | \$ <u>81,009,167</u> |
| Total Operating Budget | \$ <u>14,730,224</u> |
| Total Expenditures - Budgetary Basis | \$ <u>13,076,687</u> |

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability (Continued)

Deficit Fund Balance of Individual Funds:

The following funds had deficit fund balances at April 30, 2009:

| | |
|--|-------------------|
| Debt Service Funds –TIF Development Fund | \$ <u>34,651</u> |
| Enterprise Funds – IEPA Water Treatment Fund | \$ <u>335,215</u> |
| Enterprise Funds – Sewer Improvement Fund | \$ <u>8,376</u> |

The deficits in these funds resulted from expenditures exceeding the property taxes levied or operating transfers in and will be eliminated through future tax levies, refunds received, bond proceeds, or operating transfers.

Note 3. Deposits and Investments

DEPOSITS

At year-end, the carrying amount of the City's deposits was \$12,368,246 and the bank balance was \$12,305,671 as shown in the following schedule:

| | <u>Total</u> | <u>City Operating</u> | <u>Firefighter Pension Trust</u> | <u>Police Pension Trust</u> |
|-----------------------------|----------------------|---------------------------|--------------------------------------|---------------------------------|
| Total Cash and Investments | \$ 24,011,957 | \$ 11,178,515 | \$ 6,316,296 | \$ 6,517,146 |
| Less Investments | (9,115,653) | - | (5,426,525) | (3,689,128) |
| Less Illinois Funds | <u>(2,528,058)</u> | <u>(2,528,058)</u> | - | - |
| Carrying Amount of Deposits | <u>\$ 12,368,246</u> | <u>\$ 8,650,457</u> | <u>\$ 889,771</u> | <u>\$ 2,828,018</u> |
| Bank Balance | <u>\$ 12,305,671</u> | <u>\$ 8,852,647</u> | <u>\$ 625,006</u> | <u>\$ 2,828,018</u> |

Total cash and investments of the City include Water Meter Deposits of \$77,871.

Information regarding the City's bank balances is as follows:

| | <u>Total</u> | <u>City Operating</u> | <u>Firefighter Pension Trust</u> | <u>Police Pension Trust</u> |
|--|----------------------|---------------------------|--------------------------------------|---------------------------------|
| Amount covered by federal depository insurance | \$ 3,963,348 | \$ 1,250,321 | \$ 625,006 | \$ 2,088,021 |
| Collateralized with securities held by the pledging financial institution's trust department agent | 5,300,370 | 5,300,370 | - | - |
| Uncollateralized | <u>3,041,953</u> | <u>2,301,956</u> | - | <u>739,997</u> |
| Total Bank Balance | <u>\$ 12,305,671</u> | <u>\$ 8,852,647</u> | <u>\$ 625,006</u> | <u>\$ 2,828,018</u> |

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

INVESTMENTS

Investments consist of government securities, which are valued at amortized cost subject to market declines judged to be other than temporary. As of April 30, 2009, there were no declines in market value judged to be other than temporary. Investments also consist of variable annuities reported at market value. Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, savings accounts, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurers' Investment Pool. The Cemetery Board of Managers fund is further authorized to invest in bonds or other financial instruments that have as a first objective or proven history, the preservation of principal. The City of Kewanee Firefighter and Police Pension Trust Funds are authorized to invest in various instruments in accordance with Chapter 108 ½ - Article 4-128 of the Illinois State Statutes.

The Illinois Funds is an investment pool created for the sole participation and benefit of Illinois political subdivisions. All investments in the pool are collateralized time deposits, full faith and credit securities of the Federal Government and repurchase agreements secured by securities of the Federal Government.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a qualifying financial institution's trust department or agent in the City's name where the financial institution acts as the City's counterpart. Category 3 includes uninsured and unregistered investments for which the securities are held by a broker or by its agent, or by a qualifying financial institution's trust department or agent, but not in the City's name.

| Description | Category | | | Carrying Value |
|------------------------------------|--------------|----------|------|----------------|
| | 1 | 2 | 3 | |
| U.S. Government Agency Securities: | | | | |
| Firefighter Pension Trust | \$ 3,469,091 | \$ - | \$ - | \$ 3,469,091 |
| Police Pension Trust | 608,402 | - | - | 608,402 |
| Annuities/Mutual Funds: | | | | |
| Firefighter Pension Trust | 1,955,028 | 2,406 | - | 1,957,434 |
| Police Pension Trust | 3,080,726 | - | - | 3,080,726 |
| Total | \$ 9,113,247 | \$ 2,406 | \$ - | \$ 9,115,653 |

Note 4. Revolving Loan Fund

The City maintains a revolving loan fund for economic development purposes. The program was initially funded by the State of Illinois. At April 30, 2009, total outstanding loans were \$1,142,680. During the year, the City made loans of \$385,000 and collected principal payments of \$221,758. At April 30, 2009, there was \$619,465 of loans in default.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 5. Bonds and Loans Payable

Revenue Bonds - The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. There are five Revenue bonds outstanding at April 30, 2009. The 2004 East and 11th Street TIF bond was issued at \$420,000 at a fixed interest rate of 4.00%. The second bond was issued in 1998 and is for the construction of the new city hall. The bond was originally issued at \$3,000,000 and was refinanced in fiscal year 2006. The bond bears a variable interest rate of 2.75% to a high of 3.90%. The third bond was issued in 2002 and is for sewerage improvements to existing sewers and the construction of a new sewerage system. The bond was issued at \$3,200,000 and bears a variable interest rate of 3.30% to a high of 4.75%. The final two bonds for the Mill Creek TIF were issued together and include an \$800,000 tax-exempt portion and a \$175,000 taxable portion. They were both refinanced during fiscal year 2009 for \$947,000 and \$203,000, respectively. They both bear a fixed interest rate of 4.00%.

Illinois Water Pollution Control Revolving Fund - During fiscal years 1997 and 1998 the City of Kewanee, Illinois obtained an Illinois Water Pollution Control Revolving Fund Loan. The loan obtained in fiscal year 1997 was issued for a total of \$1,884,961, of which the City has a balance outstanding at April 30, 2009 of \$903,738. The loan obtained in fiscal year 1998 was issued for a total of \$1,691,960, of which the City has a balance outstanding at April 30, 2009 of \$860,170.

Illinois Environmental Protection Agency Water Revolving Fund - During the year ended April 30, 2004, the City obtained an \$8.5 million loan from the Illinois Environmental Protection Agency for the construction of a reverse osmosis water treatment plant. During fiscal year ended April 30, 2006, the City had received its last disbursement from the loan and total funds drawn were \$8,332,214. The City made its first principal payment during fiscal year 2006 and has a balance outstanding of \$7,085,540 at April 30, 2009.

A summary of the debt activity during the fiscal year ended April 30, 2009, is as follows:

| | <u>Balance</u> <u>May 1, 2008</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>April 30, 2009</u> |
|--|--------------------------------------|--------------------------|--------------------------|---|
| Revenue Bonds: | | | | |
| General Obligation Alternative Bonds 2005 | \$ 1,945,000 | \$ - | \$ 165,000 | \$ 1,780,000 |
| General Obligation Sewage Bonds 2001 | 2,170,000 | - | 205,000 | 1,965,000 |
| Mill Creek Station TIF Bonds 2006 - | | | | |
| Tax-Exempt | 843,460 | 103,540 | - | 947,000 |
| Mill Creek Station TIF Bonds 2006 - Taxable | 179,806 | 23,194 | - | 203,000 |
| East and 11th Street TIF Bonds 2004 | 403,500 | - | 17,000 | 386,500 |
| Illinois Water Pollution Control Revolving Fund: | | | | |
| Water Revolving Fund - L17110100 | 1,010,546 | - | 106,808 | 903,738 |
| Water Revolving Fund - L17027200 | 948,257 | - | 88,087 | 860,170 |
| Illinois Environmental Protection Agency | | | | |
| Water Revolving Fund: | | | | |
| Water Revolving Fund - L17160400 | <u>7,442,498</u> | <u>-</u> | <u>356,958</u> | <u>7,085,540</u> |
| Total Outstanding Debt | \$ <u>14,943,067</u> | \$ <u>126,734</u> | \$ <u>938,853</u> | \$ <u>14,130,948</u> |

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 5. Bonds and Loans Payable (Continued)

Annual debt service requirements to maturity for bonds and loans payable are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|----------------------|---------------------|----------------------|
| Due in Fiscal Year Ending April 30: | | | |
| 2010 | \$ 969,178 | \$ 453,170 | \$ 1,422,348 |
| 2011 | 995,402 | 416,225 | 1,411,627 |
| 2012 | 1,092,579 | 384,470 | 1,477,049 |
| 2013 | 1,126,599 | 349,261 | 1,475,860 |
| 2014 | 914,652 | 312,482 | 1,227,134 |
| Thereafter | <u>9,032,538</u> | <u>1,309,633</u> | <u>10,342,171</u> |
| | <u>\$ 14,130,948</u> | <u>\$ 3,225,241</u> | <u>\$ 17,356,189</u> |

Note 6. Pension and Retirement Benefits

Illinois Municipal Retirement Fund

The City's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2008, based on the 2006 valuation, was 7.98% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period for the 2008 employer rate was 24 years.

For December 31, 2008, the City's annual pension cost of \$135,933 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor. The assumptions used for the 2008 annual pension cost were based on the 2002-2004 experience study. However, the 2008 actuarial valuation information is based on the 2005-2007 experience study.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 6. Pension and Retirement Benefits (Continued)

Trend Information

| Actuarial Valuation Date | Annual Pension Cost (APC) | Percent of APC Contribution | Net Pension Obligation |
|--------------------------------|---------------------------------|-----------------------------------|------------------------------|
| 12/31/2008 | \$ 135,933 | 100% | \$ - |
| 12/31/2007 | 186,550 | 100% | - |
| 12/31/2006 | 178,129 | 100% | - |
| 12/31/2005 | 161,500 | 100% | - |
| 12/31/2004 | 161,883 | 100% | - |
| 12/31/2003 | 176,950 | 100% | - |
| 12/31/2002 | 231,785 | 100% | - |
| 12/31/2001 | 238,031 | 100% | - |
| 12/31/2000 | 144,498 | 100% | - |
| 12/31/1999 | 149,811 | 100% | - |

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|---|------------------------|-----------------|--------------------|---|
| 12/31/2008 | \$ 3,984,536 | \$ 4,640,624 | \$ 656,088 | 85.86% | \$ 1,703,419 | 38.52% |
| 12/31/2007 | 4,679,245 | 4,281,251 | (397,994) | 109.30% | 1,649,427 | 0.00% |
| 12/31/2006 | 4,433,434 | 4,287,316 | (146,118) | 103.41% | 1,521,170 | 0.00% |
| 12/31/2005 | 3,842,802 | 3,903,105 | 60,303 | 98.45% | 1,491,226 | 4.04% |
| 12/31/2004 | 3,525,583 | 3,626,212 | 100,629 | 97.22% | 1,479,739 | 6.80% |
| 12/31/2003 | 3,609,302 | 3,574,617 | (34,685) | 100.97% | 1,548,117 | 0.00% |
| 12/31/2002 | 3,195,510 | 3,356,565 | 161,055 | 95.20% | 1,581,069 | 10.19% |
| 12/31/2001 | 2,419,673 | 2,845,418 | 425,745 | 85.04% | 1,489,557 | 28.58% |
| 12/31/2000 | 1,732,850 | 2,748,608 | 1,015,758 | 63.04% | 1,380,111 | 73.60% |
| 12/31/1999 | 1,204,446 | 2,352,612 | 1,148,166 | 51.20% | 1,270,664 | 90.36% |

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$2,654,078. On a market basis, the funded ratio would be 57.19%.

City of Kewanee, Illinois Firefighter Pension Plan and Police Pension Plan

Fire and Police personnel are covered by Kewanee Firefighter Pension Fund and Kewanee Police Pension Fund, which are defined benefit single-employer pension plans. Although these are single-employer pension plans, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes (Chapter 108 ½ - Article 4) and may be amended only by the Illinois legislature. Separate plan financial statements can be obtained by contacting the City.

The following is a summary of the Kewanee Firefighter Pension Fund and Kewanee Police Pension Fund as provided for in Illinois State Statutes:

The Kewanee Firefighter Pension Fund and Police Pension Fund provide retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive monthly retirement benefits of one-half the monthly salary attached to the rank held in the fire or police service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service and one-twelfth of 1% of such monthly service for each additional month over 30 years of service to a maximum of 75% of such monthly salary.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 6. Pension and Retirement Benefits (Continued)

Employees with at least 10 (firefighter) or 8 (police) years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a policeman or firefighter who retired with 20 or more years of service after January 1, 1977 (police) or January 1, 1978 (firefighter), shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 9.455% (firefighter) or 9.91% (police) of their salary to the Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City of Kewanee, Illinois is required to contribute the remaining amounts (not less than 9.25%) necessary to finance the Plan as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where any past service cost is fully funded.

Membership in the Plans is as follows:

| | <u>Firefighter Fund</u> | <u>Police Fund</u> | <u>Total</u> |
|---|-------------------------|--------------------|--------------|
| Non-vested active employees | 0 | 11 | 11 |
| Fully-vested active employees | 19 | 13 | 32 |
| Retirees and beneficiaries currently receiving benefits | <u>22</u> | <u>21</u> | <u>43</u> |
| Total | <u>41</u> | <u>45</u> | <u>86</u> |

Reserves - There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. There are no long-term contracts for contributions.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the system. The pension benefit obligation for each plan was determined as part of an actuarial valuation at April 30, 2008 (Firefighter) and May 1, 2007 (Police). As of that date, there is no Net Pension Obligation for either plan. Significant actuarial assumptions include:

| | |
|---|--------------------------------|
| Funding Method Used | Entry Age Normal Cost |
| Interest Rate Assumption | 7.00% (Firefighter and Police) |
| Mortality Rate Assumption | 1971 Group Annuity |
| Decrement Assumption Other Than Mortality | Experience Tables |
| Salary Progression Assumption | 5.50% (Firefighter and Police) |
| Status of Social Security in Assumption | None |
| Post-retirement Benefit Increases | None |

The attained age at time of disability or retirement, sex, annual salary or pension, and completed years of service of each individual participant as of the date of the valuation balance sheet is used in calculating the liabilities of the fund.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 6. Pension and Retirement Benefits (Continued)

Actuarially Determined Contribution Requirements and Contribution Made:

The system's funding policies provide for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City of Kewanee, Illinois' employee groups as a whole has tended to remain level as a percentage of annual covered payrolls. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. The system used a level dollar amount method to amortize the unfunded liability over a 40-year period. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described above.

Kewanee Firefighter Pension Fund

| <u>Fiscal Year</u> | <u>Employer Contributions</u> |
|--------------------|-------------------------------|
| 2005 | \$ 164,014 |
| 2006 | 165,323 |
| 2007 | 167,714 |
| 2008 | 175,976 |
| 2009 | 178,460 |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 4/30/2005 | \$ 6,655,823 | \$ 7,963,118 | \$ 1,307,295 | 83.60% | \$ 642,251 | 203.50% |
| 4/30/2006 | 6,655,467 | N/A | N/A | N/A | 709,553 | N/A |
| 4/30/2007 | 7,452,531 | 9,434,254 | 1,981,723 | 79.00% | 814,413 | 243.30% |
| 4/30/2008 | 7,521,628 | 10,884,413 | 3,362,785 | 69.10% | 915,179 | 367.50% |
| 4/30/2009 | 6,370,635 | N/A | N/A | N/A | 971,796 | N/A |

Kewanee Police Pension Fund

| <u>Fiscal Year</u> | <u>Employer Contributions</u> |
|--------------------|-------------------------------|
| 2005 | \$ 119,540 |
| 2006 | 111,058 |
| 2007 | 143,734 |
| 2008 | 150,826 |
| 2009 | 153,721 |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 4/30/2005 | \$ 6,581,114 | \$ 7,894,611 | \$ 1,313,497 | 83.40% | \$ 950,230 | 138.23% |
| 4/30/2006 | 7,251,429 | N/A | N/A | N/A | 1,094,912 | N/A |
| 4/30/2007 | 7,761,114 | 9,119,611 | 1,358,694 | 85.10% | 1,203,873 | 112.86% |
| 4/30/2008 | 7,840,042 | 9,293,595 | 1,453,553 | 84.40% | 1,347,708 | 107.85% |
| 4/30/2009 | 6,550,936 | N/A | N/A | N/A | 1,377,434 | N/A |

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 6. Pension and Retirement Benefits (Continued)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan as allowed by Internal Revenue Code Section 457. The plan allows City employees to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are, until made available to the participant or other beneficiary, solely the property and rights of the City; without being restricted to the provision of benefits under the plan, subject only to the claims of the City's general creditors.

The City is responsible for due care in managing the investments and the participant or beneficiary assumes the risk of loss from decreases in the value of plan assets. At April 30, 2009, plan assets consisted of stocks, bonds, mutual funds, and a life insurance policy.

The City does not record the plan assets and related activity in its financial statements. Plan assets totaled \$954,880 at March 31, 2009.

Note 7. Public Entity Risk Pool

The City is a member of the Municipal (Self) Insurance Cooperative Agency (MICA). MICA is a cooperative agency voluntarily established by contracting Illinois Municipalities and other Illinois units of government pursuant to Article VII, Section 10, of the 1970 Constitution of the State of Illinois and 5 ILCS 220/6 of the Illinois Compiled Statutes for the purpose of seeking the prevention or lessening of casualty losses to member governmental properties and injuries to persons or property. At April 30, 2008, MICA consisted of 20 Illinois governmental entities, including the City of Kewanee, Illinois.

MICA has entered into a reinsurance contract for the program year 2008. There is a \$100,000 limit on property claims, \$150,000 limit on liability claims, \$350,000 limit on worker's compensation claims and a \$50,000 limit on crime claims. There is a \$1,000 deductible per occurrence for property, liability and crime claims. Total loss aggregates were \$6.55 million for 2008. Claim payments in excess of the per occurrence retention limit and corridor deductible, if applicable, or total loss aggregates are recovered from reinsurers and recorded as a receivable, net of allowance for uncollectible amounts. Estimated amounts in excess of the per-occurrence retention limit or total loss aggregate that relate to unpaid claims are deducted from the liability for unpaid claims.

The estimated liability for reported and estimated losses and claim adjustment expenses is based upon: 1) claim adjusters evaluations and other estimates; 2) estimates received from other companies on re-insurance; and 3) an estimate for unreported losses and claim adjustment expenses developed based on experience. The methods of making such estimates and for establishing the resulting reserves are continually reviewed and updated by the administrative company, and any adjustments resulting there from are reflected in income. The estimate of the liabilities is based on the ultimate cost of settling the claims and includes the effects of inflation and other societal and economic factors.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 7. Public Entity Risk Pool (Continued)

A summary of the latest available separately audited financial information for the Municipal (Self) Insurance Cooperative Agency (MICA) as of April 30, 2008, is as follows:

| | |
|------------------------------------|---------------|
| Total Assets | \$ 12,918,928 |
| Total Liabilities | \$ 8,192,822 |
| Total Equity | \$ 4,726,106 |
| Total Revenue | \$ 10,687,490 |
| Total Expenses | \$ 10,346,026 |
| Net Change in Participants' Equity | \$ 341,464 |

Note 8. Health Benefits

The City has established an Employee Insurance Fund for insuring benefits provided to City employees and covered dependents that are included in the Internal Service Fund types. Health benefits were self-insured up to an annual amount of \$70,000 per individual covered, and for the City as a whole, and an aggregate annual amount of \$1,000,000. Coverage from a private insurance company is maintained for losses in excess of these amounts. All claims handling procedures are performed by an independent claims administrator.

Note 9. State Unemployment Tax

The City is on the reimbursement method for State of Illinois unemployment taxes. Claims for unemployment are paid by the State as incurred and reimbursed by the City. Claims processing is performed by a third-party administrator that includes an unemployment insurance premium with a deductible of \$42,622 at December 31, 2008. Premiums and claims paid for the year ending April 30, 2009, totaled \$39,601.

Note 10. Property Taxes

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is divided into two billings: the first billing is an estimate of the current year's levy based on the prior year's taxes; the second billing reflects adjustments to the current year's actual levy. The first billing is mailed in May of each year and consists of two installments due by June and September, with penalties and interest charged on late payments.

Note 11. Commitments

The City has an agreement with a company to operate its Wastewater Treatment Plant, excess flow lagoon and pumping station, and all lift stations. The agreement requires monthly payments and expires April 30, 2014. Total expense for the year ending April 30, 2009 was \$379,422.

In addition, the City has an agreement with the same company to operate its new Reverse Osmosis Water Plants. The agreement requires monthly payments and expires April 30, 2009. Total expense for the year ending April 30, 2009 was \$121,324. The above contract was extended for three months at \$15,000 per month expiring July 31, 2009.

Both contracts include an option to continue the contract for two one-year periods.

The City also entered into an agreement with a waste disposal company to transfer solid waste from the transfer station to the landfill. The contract expires December 31, 2011, and requires monthly payments that are based on tonnage hauled at a specified rate identified in the contract. Total expense under this contract for the year ending April 30, 2009 was \$54,884.

CITY OF KEWANEE, ILLINOIS
Notes to Financial Statements

Note 11. Commitments (Continued)

Furthermore, the City has a contract for legal services with the City Attorney. The agreement requires monthly payments and expires April 30, 2011. Total expense related to this contract for the year ending April 30, 2009 was \$61,650.

Future payments required on the above contracts as of April 30, 2009 are:

| | | |
|-----------------------|----|-------------------------|
| Year Ending April 30: | | |
| 2010 | \$ | 497,934 |
| 2011 | | 466,029 |
| 2012 | | 412,803 |
| 2013 | | 425,187 |
| 2014 | | <u>440,068</u> |
| | \$ | <u><u>2,242,021</u></u> |

Note 12. Conduit Debt

During the fiscal year ending April 30, 2009, the City issued \$800,000 in Capital Improvement Revenue Bonds to provide financial assistance to a private-sector entity to finance an 8-bed group home within the City limits. The bonds are secured by the property financed. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a commitment on the financial statements.

Note 13. Litigation

There are several lawsuits pending against the City for various reasons. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF KEWANEE, ILLINOIS
Schedule of Cash Transactions - Budget to Actual
All Fund Types
Year Ended April 30, 2009
See Auditor's Report

| | Actual | Adjustments to Budgetary Basis | Actual- Budgetary Basis | Budget | Variance Favorable (Unfavorable) |
|--|----------------------|--------------------------------------|-------------------------------|---------------------|--|
| Receipts: | | | | | |
| Taxes | \$ 2,931,002 | \$ - | \$ 2,931,002 | \$ 2,929,684 | \$ 1,318 |
| Licenses and Permits | 496,723 | - | 496,723 | 460,400 | 36,323 |
| Intergovernmental Receipts | 4,388,320 | - | 4,388,320 | 4,264,632 | 123,688 |
| Charges for Services | 5,236,449 | - | 5,236,449 | 4,808,978 | 427,471 |
| Use of Monies and Property | (1,657,744) | 1,914,521 | 256,777 | 315,533 | (58,756) |
| Fines and Forfeits | 144,938 | - | 144,938 | 212,290 | (67,352) |
| Other Receipts | 1,333,227 | (545,706) | 787,521 | 753,830 | 33,691 |
| Total Receipts | 12,872,915 | 1,368,815 | 14,241,730 | 13,745,347 | 496,383 |
| Disbursements: | | | | | |
| General Government | 1,207,968 | - | 1,207,968 | 1,367,970 | 160,002 |
| Public Safety | 4,056,324 | - | 4,056,324 | 4,213,414 | 157,090 |
| Public Works and Transportation | 1,247,698 | - | 1,247,698 | 1,556,699 | 309,001 |
| Health and Welfare | 364,190 | - | 364,190 | 383,341 | 19,151 |
| Culture and Recreation | 60,539 | - | 60,539 | 81,865 | 21,326 |
| Development | 417,450 | - | 417,450 | 938,700 | 521,250 |
| Debt Service: | | | | | |
| Principal Retirement | 938,853 | - | 938,853 | 993,935 | 55,082 |
| Interest and Fiscal Charges | 520,666 | - | 520,666 | 567,887 | 47,221 |
| Operations | 4,303,229 | (40,230) | 4,262,999 | 4,626,413 | 363,414 |
| Benefit Payments | 1,061,320 | (1,061,320) | - | - | - |
| Total Disbursements | 14,178,237 | (1,101,550) | 13,076,687 | 14,730,224 | 1,653,537 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (1,305,322) | 2,470,365 | 1,165,043 | (984,877) | 2,149,920 |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers In | 2,621,542 | - | 2,621,542 | 2,721,490 | (99,948) |
| Operating Transfers Out | (2,621,542) | - | (2,621,542) | (2,733,920) | 112,378 |
| Proceeds from Bond Sale | 126,734 | - | 126,734 | - | 126,734 |
| Proceeds from Revolving Loans | 221,758 | - | 221,758 | 253,920 | (32,162) |
| Net Change in Water Deposits | 5,894 | - | 5,894 | - | 5,894 |
| Total Other Financing Sources (Uses) | 354,386 | - | 354,386 | 241,490 | 112,896 |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | (950,936) | 2,470,365 | 1,519,429 | (743,387) | 2,262,816 |
| Fund Balances (Deficits) - April 30, 2008 | 24,962,893 | (15,303,807) | 9,659,086 | 9,659,086 | - |
| Fund Balances (Deficits) - April 30, 2009 | \$ 24,011,957 | \$ (12,833,442) | \$ 11,178,515 | \$ 8,915,699 | \$ 2,262,816 |

CITY OF KEWANEE, ILLINOIS
Schedule of Cash Transactions - Budget to Actual
General Fund
Year Ended April 30, 2009
See Auditor's Report

| | Actual | Budget | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| Receipts: | | | |
| Taxes | \$ 1,052,759 | \$ 1,035,236 | \$ 17,523 |
| Licenses and Permits | 496,723 | 460,400 | 36,323 |
| Intergovernmental Receipts | 4,047,415 | 3,904,048 | 143,367 |
| Charges for Services | 439,228 | 332,933 | 106,295 |
| Use of Monies and Property | 151,870 | 180,000 | (28,130) |
| Fines and Forfeits | 144,938 | 138,550 | 6,388 |
| Other Receipts | 451,888 | 413,200 | 38,688 |
| Total Receipts | <u>6,784,821</u> | <u>6,464,367</u> | <u>320,454</u> |
| Disbursements: | | | |
| General Government | 425,692 | 499,794 | 74,102 |
| Public Safety | 3,724,143 | 3,878,414 | 154,271 |
| Public Works and Transportation | 699,319 | 830,699 | 131,380 |
| Health and Welfare | - | - | - |
| Culture and Recreation | 34,083 | 42,865 | 8,782 |
| Development | 32,450 | 416,000 | 383,550 |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Operations | - | - | - |
| Benefit Payments | - | - | - |
| Total Disbursements | <u>4,915,687</u> | <u>5,667,772</u> | <u>752,085</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>1,869,134</u> | <u>796,595</u> | <u>1,072,539</u> |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 4,920 | 4,920 | - |
| Operating Transfers Out | (1,516,873) | (1,561,874) | 45,001 |
| Proceeds from Bond Sale | - | - | - |
| Proceeds from Revolving Loans | - | - | - |
| Net Change in Water Deposits | - | - | - |
| Total Other Financing Sources (Uses) | <u>(1,511,953)</u> | <u>(1,556,954)</u> | <u>45,001</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 357,181 | (760,359) | 1,117,540 |
| Fund Balances (Deficits) - April 30, 2008 | 3,983,364 | 3,983,364 | - |
| Reclass Between Funds | <u>43,883</u> | <u>43,883</u> | <u>-</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 4,384,428</u> | <u>\$ 3,266,888</u> | <u>\$ 1,117,540</u> |

CITY OF KEWANEE, ILLINOIS
Schedule of Cash Transactions - Budget to Actual
Acquisition Fund
Year Ended April 30, 2009
See Auditor's Report

| | <u>Actual</u> | <u>Budget</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------------|---------------------|---|
| Receipts: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - |
| Intergovernmental Receipts | - | - | - |
| Charges for Services | - | - | - |
| Use of Monies and Property | - | - | - |
| Fines and Forfeits | - | - | - |
| Other Receipts | - | - | - |
| Total Receipts | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | |
| General Government | - | - | - |
| Public Safety | - | - | - |
| Public Works and Transportation | 40,558 | 171,000 | 130,442 |
| Health and Welfare | - | - | - |
| Culture and Recreation | - | - | - |
| Development | - | - | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Operations | - | - | - |
| Benefit Payments | - | - | - |
| Total Disbursements | <u>40,558</u> | <u>171,000</u> | <u>130,442</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>(40,558)</u> | <u>(171,000)</u> | <u>130,442</u> |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 201,500 | 246,500 | (45,000) |
| Operating Transfers Out | - | - | - |
| Proceeds from Bond Sale | - | - | - |
| Proceeds from Revolving Loans | - | - | - |
| Net Change in Water Deposits | - | - | - |
| Total Other Financing Sources (Uses) | <u>201,500</u> | <u>246,500</u> | <u>(45,000)</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 160,942 | 75,500 | 85,442 |
| Fund Balances (Deficits) - April 30, 2008 | <u>1,563,654</u> | <u>1,563,654</u> | <u>-</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 1,724,596</u> | <u>\$ 1,639,154</u> | <u>\$ 85,442</u> |

CITY OF KEWANEE, ILLINOIS
Schedule of Cash Transactions - Budget to Actual
Sanitation Fund
Year Ended April 30, 2009
See Auditor's Report

| | <u>Actual</u> | <u>Budget</u> | Variance Favorable (Unfavorable) |
|---|-------------------|-------------------|--|
| Receipts: | | | |
| Taxes | \$ 136,178 | \$ 137,500 | \$ (1,322) |
| Licenses and Permits | - | - | - |
| Intergovernmental Receipts | - | - | - |
| Charges for Services | 686,909 | 633,000 | 53,909 |
| Use of Monies and Property | 184 | - | 184 |
| Fines and Forfeits | - | 7,600 | (7,600) |
| Other Receipts | 43 | - | 43 |
| Total Receipts | <u>823,314</u> | <u>778,100</u> | <u>45,214</u> |
| Disbursements: | | | |
| General Government | - | - | - |
| Public Safety | - | - | - |
| Public Works and Transportation | - | - | - |
| Health and Welfare | - | - | - |
| Culture and Recreation | - | - | - |
| Development | - | - | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Operations | 649,223 | 714,379 | 65,156 |
| Benefit Payments | - | - | - |
| Total Disbursements | <u>649,223</u> | <u>714,379</u> | <u>65,156</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>174,091</u> | <u>63,721</u> | <u>110,370</u> |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | - | - | - |
| Operating Transfers Out | (78,454) | (73,254) | (5,200) |
| Proceeds from Bond Sale | - | - | - |
| Proceeds from Revolving Loans | - | - | - |
| Net Change in Water Deposits | - | - | - |
| Total Other Financing Sources (Uses) | <u>(78,454)</u> | <u>(73,254)</u> | <u>(5,200)</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 95,637 | (9,533) | 105,170 |
| Fund Balances (Deficits) - April 30, 2008 | <u>191,639</u> | <u>191,639</u> | <u>-</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 287,276</u> | <u>\$ 182,106</u> | <u>\$ 105,170</u> |

CITY OF KEWANEE, ILLINOIS
Schedule of Cash Transactions - Budget to Actual
Water Fund
Year Ended April 30, 2009
See Auditor's Report

| | Actual | Budget | Variance Favorable (Unfavorable) |
|---|------------|------------|--|
| Receipts: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - |
| Intergovernmental Receipts | - | - | - |
| Charges for Services | 1,956,124 | 1,822,500 | 133,624 |
| Use of Monies and Property | 4,782 | 2,000 | 2,782 |
| Fines and Forfeits | - | 51,500 | (51,500) |
| Other Receipts | 29,454 | 21,000 | 8,454 |
| Total Receipts | 1,990,360 | 1,897,000 | 93,360 |
| Disbursements: | | | |
| General Government | - | - | - |
| Public Safety | - | - | - |
| Public Works and Transportation | - | - | - |
| Health and Welfare | - | - | - |
| Culture and Recreation | - | - | - |
| Development | - | - | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Operations | 1,261,220 | 1,333,771 | 72,551 |
| Benefit Payments | - | - | - |
| Total Disbursements | 1,261,220 | 1,333,771 | 72,551 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | 729,140 | 563,229 | 165,911 |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 169,639 | 165,000 | 4,639 |
| Operating Transfers Out | (662,954) | (727,954) | 65,000 |
| Proceeds from Bond Sale | - | - | - |
| Proceeds from Revolving Loans | - | - | - |
| Net Change in Water Deposits | 5,894 | - | 5,894 |
| Total Other Financing Sources (Uses) | (487,421) | (562,954) | 75,533 |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 241,719 | 275 | 241,444 |
| Fund Balances (Deficits) - April 30, 2008 | 545,656 | 545,656 | - |
| Fund Balances (Deficits) - April 30, 2009 | \$ 787,375 | \$ 545,931 | \$ 241,444 |

CITY OF KEWANEE, ILLINOIS
Schedule of Cash Transactions - Budget to Actual
Sewer Fund
Year Ended April 30, 2009
See Auditor's Report

| | Actual | Budget | Variance Favorable (Unfavorable) |
|--|-------------------|--------------------|--|
| Receipts: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - |
| Intergovernmental Receipts | - | - | - |
| Charges for Services | 1,068,302 | 922,500 | 145,802 |
| Use of Monies and Property | - | - | - |
| Fines and Forfeits | - | 14,640 | (14,640) |
| Other Receipts | 44,758 | 51,000 | (6,242) |
| Total Receipts | <u>1,113,060</u> | <u>988,140</u> | <u>124,920</u> |
| Disbursements: | | | |
| General Government | - | - | - |
| Public Safety | - | - | - |
| Public Works and Transportation | - | - | - |
| Health and Welfare | - | - | - |
| Culture and Recreation | - | - | - |
| Development | - | - | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Operations | 1,060,074 | 1,150,360 | 90,286 |
| Benefit Payments | - | - | - |
| Total Disbursements | <u>1,060,074</u> | <u>1,150,360</u> | <u>90,286</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>52,986</u> | <u>(162,220)</u> | <u>215,206</u> |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 610,000 | 610,000 | - |
| Operating Transfers Out | (269,569) | (269,569) | - |
| Proceeds from Bond Sale | - | - | - |
| Proceeds from Revolving Loans | - | - | - |
| Net Change in Water Deposits | - | - | - |
| Total Other Financing Sources (Uses) | <u>340,431</u> | <u>340,431</u> | <u>-</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | <u>393,417</u> | <u>178,211</u> | <u>215,206</u> |
| Fund Balances (Deficits) - April 30, 2008 | <u>(199,525)</u> | <u>(199,525)</u> | <u>-</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 193,892</u> | <u>\$ (21,314)</u> | <u>\$ 215,206</u> |

**SUPPLEMENTARY INFORMATION
(OPTIONAL)**

CITY OF KEWANEE, ILLINOIS
Combining Schedule of Cash Transactions
All Fund Types
Year Ended April 30, 2009
See Auditor's Report

| | Governmental Fund Types | | | | Proprietary Fund Types | | | | Fiduciary Fund Types | | | | City-Wide Total |
|--|-------------------------|------------------|------------------|------------------|------------------------|------------------|------------------|--------------------|----------------------|-----------------|------------------|--------------------|--------------------|
| | General | Special Revenue | Debt | | Capital Projects | Total | Enterprise | Internal Service | Trust | Agency | Total | Total | |
| | | | Service | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | | |
| Taxes | 1,052,759 | 763,043 | 647,289 | - | 2,463,091 | 136,178 | - | - | - | 331,733 | 136,178 | 331,733 | 2,931,002 |
| Licenses and Permits | 496,723 | - | - | - | 496,723 | - | - | - | - | - | - | - | 496,723 |
| Intergovernmental Receipts | 4,047,415 | 340,905 | - | - | 4,388,320 | - | - | - | - | - | - | - | 4,388,320 |
| Charges for Services | 439,228 | 14,056 | - | - | 453,284 | 3,953,142 | 809,738 | - | - | 20,285 | 4,762,880 | 20,285 | 5,236,449 |
| Use of Monies and Property | 151,870 | 29,690 | 14,943 | - | 196,503 | 19,192 | 5,911 | (1,879,826) | - | 476 | 25,103 | (1,879,350) | (1,657,744) |
| Fines and Forfeits | 144,938 | - | - | - | 144,938 | - | - | - | - | - | - | - | 144,938 |
| Other Receipts | 451,888 | 25,834 | 34,698 | - | 512,420 | 84,348 | 190,753 | 545,706 | - | - | 275,101 | 545,706 | 1,333,227 |
| Total Receipts | 6,784,821 | 1,173,528 | 696,930 | - | 8,655,279 | 4,192,860 | 1,006,402 | (1,334,120) | - | 352,494 | 5,199,262 | (981,626) | 12,872,915 |
| Disbursements: | | | | | | | | | | | | | |
| General Government | 425,692 | 754,171 | - | 28,105 | 1,207,968 | - | - | - | - | - | - | - | 1,207,968 |
| Public Safety | 3,724,143 | - | - | - | 3,724,143 | - | - | - | - | 332,181 | - | 332,181 | 4,056,324 |
| Public Works and Transportation | 699,319 | 407,464 | - | 140,915 | 1,247,698 | - | - | - | - | - | - | - | 1,247,698 |
| Health and Welfare | - | - | - | - | - | 364,174 | - | 16 | - | - | 364,174 | 16 | 364,190 |
| Culture and Recreation | 34,083 | 26,456 | - | - | 60,539 | - | - | - | - | - | - | - | 60,539 |
| Development | 32,450 | 385,000 | - | - | 417,450 | - | - | - | - | - | - | - | 417,450 |
| Debt Service: | | | | | | | | | | | | | |
| Principal Retirement | - | - | 938,853 | - | 938,853 | - | - | - | - | - | - | - | 938,853 |
| Interest and Fiscal Charges | - | - | 520,666 | - | 520,666 | - | - | - | - | - | - | - | 520,666 |
| Operations | - | - | 57,145 | - | 57,145 | 3,020,063 | 1,185,791 | 40,230 | - | - | 4,205,854 | 40,230 | 4,303,229 |
| Benefit Payments | - | - | - | - | - | - | - | 1,061,320 | - | - | 1,061,320 | - | 1,061,320 |
| Total Disbursements | 4,915,687 | 1,573,091 | 1,516,664 | 169,020 | 8,174,462 | 3,384,237 | 1,185,791 | 1,101,566 | - | 332,181 | 4,570,028 | 1,433,747 | 14,178,237 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | 1,869,134 | (399,563) | (819,734) | (169,020) | 480,817 | 808,623 | (179,389) | (2,435,686) | - | 20,313 | 629,234 | (2,415,373) | (1,305,322) |
| Other Financing Sources (Uses): | | | | | | | | | | | | | |
| Operating Transfers In | 4,920 | 63,700 | 1,044,761 | 251,500 | 1,364,881 | 1,016,848 | 225,538 | 14,275 | - | - | 1,242,386 | 14,275 | 2,621,542 |
| Operating Transfers Out | (1,516,873) | (10,000) | (9,559) | - | (1,536,432) | (1,033,626) | - | (37,128) | - | (14,356) | (1,033,626) | (51,484) | (2,621,542) |
| Proceeds from Bond Sale | - | - | 126,734 | - | 126,734 | - | - | - | - | - | - | - | 126,734 |
| Proceeds from Revolving Loans | - | 221,758 | - | - | 221,758 | - | - | - | - | - | - | - | 221,758 |
| Net Change in Water Deposits | - | - | - | - | - | 5,894 | - | - | - | - | 5,894 | - | 5,894 |
| Total Other Financing Sources (Uses) | (1,511,953) | 275,458 | 1,161,936 | 251,500 | 176,941 | (10,884) | 225,538 | (22,853) | - | (14,356) | 214,654 | (37,209) | 354,386 |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 357,181 | (124,105) | 342,202 | 82,480 | 657,758 | 797,739 | 46,149 | (2,458,539) | - | 5,957 | 843,888 | (2,452,582) | (950,936) |
| Fund Balances (Deficits) - April 30, 2008 | 3,983,364 | 1,453,460 | 521,540 | 1,824,082 | 7,782,446 | 564,752 | 362,010 | 16,237,865 | - | 15,820 | 926,762 | 16,253,685 | 24,962,893 |
| Reclass. Between Funds | 43,883 | (43,883) | - | - | - | - | - | - | - | - | - | - | - |
| Fund Balances (Deficits) - April 30, 2009 | 4,384,428 | 1,285,472 | 863,742 | 1,906,562 | 8,440,204 | 1,362,491 | 408,159 | 13,779,326 | \$ | 21,777 | 1,770,650 | \$ | 24,011,957 |

CITY OF KEWANEE, ILLINOIS
Combining Schedule of Cash Transactions
Other Governmental Funds
Year Ended April 30, 2009
See Auditor's Report

| | Total Other Governmental Funds | Audit Fund | Liability Insurance Fund | Motor Fuel Tax Fund | Municipal Retirement Fund | Social Security Fund | Chlorination of Sewer Fund | Total From Other Pages |
|---|---|-----------------|--------------------------------|---------------------------|---------------------------------|----------------------------|----------------------------------|---------------------------------|
| Receipts: | | | | | | | | |
| Taxes | \$ 1,410,332 | \$ 21,357 | \$ 277,211 | \$ - | \$ 178,219 | \$ 168,338 | \$ 9,966 | \$ 755,241 |
| Licenses and Permits | - | - | - | - | - | - | - | - |
| Intergovernmental Receipts | 340,905 | - | - | 340,905 | - | - | - | - |
| Charges for Services | 14,056 | - | - | - | - | - | - | 14,056 |
| Use of Monies and Property | 44,633 | 29 | 375 | 2,956 | 646 | 227 | 14 | 40,386 |
| Fines and Forfeits | - | - | - | - | - | - | - | - |
| Other Receipts | 60,532 | - | 6,544 | 13,080 | 4,554 | - | - | 36,354 |
| Total Receipts | <u>1,870,458</u> | <u>21,386</u> | <u>284,130</u> | <u>356,941</u> | <u>183,419</u> | <u>168,565</u> | <u>9,980</u> | <u>846,037</u> |
| Disbursements: | | | | | | | | |
| General Government | 782,276 | 21,900 | 308,889 | - | 145,239 | 170,507 | - | 135,741 |
| Public Safety | - | - | - | - | - | - | - | - |
| Public Works and Transportation | 507,821 | - | - | 407,464 | - | - | - | 100,357 |
| Health and Welfare | - | - | - | - | - | - | - | - |
| Culture and Recreation | 26,456 | - | - | - | - | - | - | 26,456 |
| Development | 385,000 | - | - | - | - | - | - | 385,000 |
| Debt Service: | | | | | | | | |
| Principal Retirement | 938,853 | - | - | - | - | - | - | 938,853 |
| Interest and Fiscal Charges | 520,666 | - | - | - | - | - | - | 520,666 |
| Operations | 57,145 | - | - | - | - | - | - | 57,145 |
| Benefit Payments | - | - | - | - | - | - | - | - |
| Total Disbursements | <u>3,218,217</u> | <u>21,900</u> | <u>308,889</u> | <u>407,464</u> | <u>145,239</u> | <u>170,507</u> | <u>-</u> | <u>2,164,218</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>(1,347,759)</u> | <u>(514)</u> | <u>(24,759)</u> | <u>(50,523)</u> | <u>38,180</u> | <u>(1,942)</u> | <u>9,980</u> | <u>(1,318,181)</u> |
| Other Financing Sources (Uses): | | | | | | | | |
| Operating Transfers In | 1,158,461 | - | - | - | - | - | - | 1,158,461 |
| Operating Transfers Out | (19,559) | - | - | - | - | - | (10,000) | (9,559) |
| Proceeds from Bond Sale | 126,734 | - | - | - | - | - | - | 126,734 |
| Proceeds from Revolving Loans | 221,758 | - | - | - | - | - | - | 221,758 |
| Net Change in Water Deposits | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>1,487,394</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,000)</u> | <u>1,407,394</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | <u>139,635</u> | <u>(514)</u> | <u>(24,759)</u> | <u>(50,523)</u> | <u>38,180</u> | <u>(1,942)</u> | <u>(20)</u> | <u>179,213</u> |
| Fund Balances (Deficits) - April 30, 2008 | 2,235,428 | 3,184 | 260,003 | 236,295 | 72,666 | 51,386 | 4,318 | 1,607,576 |
| Reclass Between Funds | (43,883) | - | - | - | - | - | - | (43,883) |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 2,331,180</u> | <u>\$ 2,670</u> | <u>\$ 235,244</u> | <u>\$ 185,772</u> | <u>\$ 110,846</u> | <u>\$ 49,444</u> | <u>\$ 4,298</u> | <u>\$ 1,742,906</u> |

CITY OF KEWANEE, ILLINOIS
 Combining Schedule of Cash Transactions
 Other Governmental Funds
 Year Ended April 30, 2009
 See Auditor's Report

| | Sub-Total Other Governmental Funds | Public Benefits Fund | Unemployment Insurance Fund | CDAP Housing Fund | Francis Park Fund | TIF Development Fund | Foreign Fire Tax Fund | IEPA Water Loan Fund | Revolving Loan Fund |
|--|---|----------------------------|-----------------------------------|-------------------------|-------------------------|----------------------------|-----------------------------|----------------------------|---------------------------|
| Receipts: | | | | | | | | | |
| Taxes | \$ 161,039 | \$ 38,608 | \$ 69,344 | \$ - | \$ - | \$ 53,087 | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - | - | - | - | - | - | - |
| Intergovernmental Receipts | - | - | - | - | - | - | - | - | - |
| Charges for Services | 14,056 | - | - | - | 14,056 | - | - | - | - |
| Use of Monies and Property | 35,035 | 52 | 94 | 92 | - | 1,313 | - | 8,279 | 25,205 |
| Fines and Forfeits | - | - | - | - | - | - | - | - | - |
| Other Receipts | 36,354 | - | - | - | 30 | 34,698 | 983 | - | 643 |
| Total Receipts | 246,484 | 38,660 | 69,438 | 92 | 14,086 | 89,098 | 983 | 8,279 | 25,848 |
| Disbursements: | | | | | | | | | |
| General Government | 107,636 | 68,035 | 39,601 | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - | - |
| Public Works and Transportation | - | - | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - |
| Culture and Recreation | 26,456 | - | - | - | 26,456 | - | - | - | - |
| Development | 385,000 | - | - | - | - | - | - | - | 385,000 |
| Debt Service: | | | | | | | | | |
| Principal Retirement | 373,957 | - | - | - | - | 17,000 | - | 356,957 | - |
| Interest and Fiscal Charges | 304,480 | - | - | - | - | 115,486 | - | 188,994 | - |
| Operations | 57,145 | - | - | - | - | 57,145 | - | - | - |
| Benefit Payments | - | - | - | - | - | - | - | - | - |
| Total Disbursements | 1,254,674 | 68,035 | 39,601 | - | 26,456 | 189,631 | - | 545,951 | 385,000 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (1,008,190) | (29,375) | 29,837 | 92 | (12,370) | (100,533) | 983 | (537,672) | (359,152) |
| Other Financing Sources (Uses): | | | | | | | | | |
| Operating Transfers In | 613,900 | 56,200 | - | - | 7,500 | - | - | 550,200 | - |
| Operating Transfers Out | (4,920) | - | - | - | - | (4,920) | - | - | - |
| Proceeds from Bond Sale | 126,734 | - | - | - | - | 126,734 | - | - | - |
| Proceeds from Revolving Loans | 221,758 | - | - | - | - | - | - | - | 221,758 |
| Net Change in Water Deposits | - | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 957,472 | 56,200 | - | - | 7,500 | 121,814 | - | 550,200 | 221,758 |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | (50,718) | 26,825 | 29,837 | 92 | (4,870) | 21,281 | 983 | 12,528 | (137,394) |
| Fund Balances (Deficits) - April 30, 2008 | 1,219,113 | 173,427 | 45,546 | 13,134 | 61,500 | (55,932) | 54,548 | 449,437 | 477,453 |
| Reclass Between Funds | (43,883) | - | - | - | - | - | (43,883) | - | - |
| Fund Balances (Deficits) - April 30, 2009 | \$ 1,175,230 | \$ 200,252 | \$ 75,383 | \$ 13,226 | \$ 56,630 | \$ (34,651) | \$ 11,648 | \$ 461,965 | \$ 340,059 |

CITY OF KEWANEE, ILLINOIS
Combining Schedule of Cash Transactions
Other Governmental Funds
Year Ended April 30, 2009
See Auditor's Report

| | Sub-Total Other Governmental Funds | Infrastructure Improvement Fund | 2001 Sewer Bond Fund | 1993 Alternate Bond Fund | Special Service Area #1 Fund | IEPA Sewer Loan Fund | 1998 Alternate Bond Fund | Capital Maint/ Municipal Building Fund | Public Properties Fund |
|--|---|---------------------------------------|-------------------------------|-----------------------------------|---------------------------------------|-------------------------------|-----------------------------------|---|------------------------------|
| Receipts: | | | | | | | | | |
| Taxes | \$ 594,202 | \$ - | \$ 594,202 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - | - | - | - | - | - | - |
| Intergovernmental Receipts | - | - | - | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - | - | - | - |
| Use of Monies and Property | 5,351 | - | 5,282 | 69 | - | - | - | - | - |
| Fines and Forfeits | - | - | - | - | - | - | - | - | - |
| Other Receipts | - | - | - | - | - | - | - | - | - |
| Total Receipts | 599,553 | - | 599,484 | 69 | - | - | - | - | - |
| Disbursements: | | | | | | | | | |
| General Government | 28,105 | - | - | - | - | - | - | 28,105 | - |
| Public Safety | - | - | - | - | - | - | - | - | - |
| Public Works and Transportation | 100,357 | 100,357 | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - | - | - |
| Development | - | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | |
| Principal Retirement | 564,896 | - | 205,000 | - | - | 194,896 | 165,000 | - | - |
| Interest and Fiscal Charges | 216,186 | - | 91,520 | - | - | 54,473 | 70,193 | - | - |
| Operations | - | - | - | - | - | - | - | - | - |
| Benefit Payments | - | - | - | - | - | - | - | - | - |
| Total Disbursements | 909,544 | 100,357 | 296,520 | - | - | 249,369 | 235,193 | 28,105 | - |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (309,991) | (100,357) | 302,964 | 69 | - | (249,369) | (235,193) | (28,105) | - |
| Other Financing Sources (Uses): | | | | | | | | | |
| Operating Transfers In | 544,561 | - | - | - | - | - | 235,193 | 50,000 | - |
| Operating Transfers Out | (4,639) | - | - | (4,639) | - | - | - | - | - |
| Proceeds from Bond Sale | - | - | - | - | - | - | - | - | - |
| Proceeds from Revolving Loans | - | - | - | - | - | - | - | - | - |
| Net Change in Water Deposits | - | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 539,922 | - | (4,639) | - | - | 259,368 | 235,193 | 50,000 | - |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 229,931 | (100,357) | 302,964 | (4,570) | - | 9,999 | - | 21,895 | - |
| Fund Balances (Deficits) - April 30, 2008 | 388,463 | 103,699 | 112,446 | 4,571 | 14,233 | (3,215) | - | 55,686 | 101,043 |
| Fund Balances (Deficits) - April 30, 2009 | \$ 618,394 | \$ 3,342 | \$ 415,410 | \$ 1 | \$ 14,233 | \$ 6,784 | \$ - | \$ 77,581 | \$ 101,043 |

CITY OF KEWANEE, ILLINOIS
Combining Schedule of Cash Transactions
Other Enterprise and Internal Service Funds
Year Ended April 30, 2009
See Auditor's Report

| | Other Enterprise Funds | | | | | | Internal Service Funds | | | Self-Insurance Reserve Fund |
|--|------------------------|------------------------|---------------------------|------------------------|------------------|-------------------|------------------------|--------------------------|-------------|-----------------------------|
| | Total | Water Improvement Fund | IEPA Water Treatment Fund | Sewer Improvement Fund | Cemetery Fund | Ambulance Fund | Total | Central Maintenance Fund | | |
| Receipts: | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental Receipts | 241,807 | - | - | - | 72,015 | 169,792 | 809,738 | - | - | 809,738 |
| Charges for Services | 14,226 | 1,008 | - | 13,101 | - | 117 | 5,911 | - | - | 5,911 |
| Use of Monies and Property | - | - | - | - | - | - | - | - | - | - |
| Fines and Forfeits | 10,093 | - | - | - | 10,063 | 30 | 190,753 | 349 | - | 190,404 |
| Other Receipts | 266,126 | 1,008 | - | 13,101 | 82,078 | 169,939 | 1,006,402 | 349 | - | 1,006,053 |
| Total Receipts | | | | | | | | | | |
| | | | | | | | | | | |
| Disbursements: | | | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - | - | - |
| Public Works and Transportation | 364,174 | - | - | - | 240,546 | 123,628 | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - | - | - | - |
| Development | - | - | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - | - | - |
| Operations | 49,546 | 50,446 | - | (900) | - | - | 1,185,791 | 190,835 | - | 994,956 |
| Benefit Payments | - | - | - | - | - | - | - | - | - | - |
| Total Disbursements | 413,720 | 50,446 | - | (900) | 240,546 | 123,628 | 1,185,791 | 190,835 | - | 994,956 |
| | | | | | | | | | | |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (147,594) | (49,438) | - | 14,001 | (158,468) | 46,311 | (179,389) | (190,486) | - | 11,097 |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Operating Transfers In | 237,209 | - | - | - | 237,209 | - | 225,538 | 225,538 | - | - |
| Operating Transfers Out | (22,649) | - | - | - | (15,883) | (6,766) | - | - | - | - |
| Proceeds from Bond Sale | - | - | - | - | - | - | - | - | - | - |
| Proceeds from Revolving Loans | - | - | - | - | - | - | - | - | - | - |
| Net Change in Water Deposits | - | - | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 214,560 | - | - | - | 221,326 | (6,766) | 225,538 | 225,538 | - | - |
| | | | | | | | | | | |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 66,966 | (49,438) | - | 14,001 | 62,858 | 39,545 | 46,149 | 35,052 | - | 11,097 |
| Fund Balances (Deficits) - April 30, 2008 | 26,982 | 299,804 | (333,215) | (22,377) | 23,922 | 60,848 | 362,010 | 34,187 | - | 327,823 |
| Fund Balances (Deficits) - April 30, 2009 | \$ 93,948 | \$ 250,366 | \$ (335,215) | \$ (8,376) | \$ 86,780 | \$ 100,393 | \$ 408,159 | \$ 69,239 | \$ - | \$ 338,920 |

CITY OF KEWANEE, ILLINOIS
Combining Schedule of Cash Transactions
Trust Funds
Year Ended April 30, 2009
See Auditor's Report

| | Total Trust Funds | Firefighter Pension Trust Fund | Police Pension Trust Fund | Cemetery Board of Managers Fund |
|--|-------------------------|---|------------------------------------|--|
| Receipts: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - | - |
| Intergovernmental Receipts | - | - | - | - |
| Charges for Services | - | - | - | - |
| Use of Monies and Property | (1,879,826) | (875,825) | (1,038,696) | 34,695 |
| Fines and Forfeits | - | - | - | - |
| Other Receipts | 545,706 | 267,589 | 278,117 | - |
| Total Receipts | <u>(1,334,120)</u> | <u>(608,236)</u> | <u>(760,579)</u> | <u>34,695</u> |
| Disbursements: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works and Transportation | - | - | - | - |
| Health and Welfare | 16 | - | - | 16 |
| Culture and Recreation | - | - | - | - |
| Development | - | - | - | - |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Operations | 40,230 | 32,306 | 7,924 | - |
| Benefit Payments | 1,061,320 | 543,564 | 517,756 | - |
| Total Disbursements | <u>1,101,566</u> | <u>575,870</u> | <u>525,680</u> | <u>16</u> |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | <u>(2,435,686)</u> | <u>(1,184,106)</u> | <u>(1,286,259)</u> | <u>34,679</u> |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | 14,275 | - | - | 14,275 |
| Operating Transfers Out | (37,128) | - | - | (37,128) |
| Proceeds from Bond Sale | - | - | - | - |
| Proceeds from Revolving Loans | - | - | - | - |
| Net Change in Water Deposits | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>(22,853)</u> | <u>-</u> | <u>-</u> | <u>(22,853)</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | <u>(2,458,539)</u> | <u>(1,184,106)</u> | <u>(1,286,259)</u> | <u>11,826</u> |
| Fund Balances (Deficits) - April 30, 2008 | <u>16,237,865</u> | <u>7,500,402</u> | <u>7,803,405</u> | <u>934,058</u> |
| Fund Balances (Deficits) - April 30, 2009 | <u>\$ 13,779,326</u> | <u>\$ 6,316,296</u> | <u>\$ 6,517,146</u> | <u>\$ 945,884</u> |

CITY OF KEWANEE, ILLINOIS
Combining Schedule of Cash Transactions
Agency Funds
Year Ended April 30, 2009
See Auditor's Report

| | Total Agency Funds | Firefighter Pension Agency Fund | Police Pension Agency Fund | Perpetual Care Agency Fund |
|--|--------------------------|--|-------------------------------------|-------------------------------------|
| Receipts: | | | | |
| Taxes | \$ 331,733 | \$ 178,219 | \$ 153,514 | \$ - |
| Licenses and Permits | - | - | - | - |
| Intergovernmental Receipts | - | - | - | - |
| Charges for Services | 20,285 | - | - | 20,285 |
| Use of Monies and Property | 476 | 241 | 207 | 28 |
| Fines and Forfeits | - | - | - | - |
| Other Receipts | - | - | - | - |
| Total Receipts | 352,494 | 178,460 | 153,721 | 20,313 |
| Disbursements: | | | | |
| General Government | - | - | - | - |
| Public Safety | 332,181 | 178,460 | 153,721 | - |
| Public Works and Transportation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Development | - | - | - | - |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Operations | - | - | - | - |
| Benefit Payments | - | - | - | - |
| Total Disbursements | 332,181 | 178,460 | 153,721 | - |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | 20,313 | - | - | 20,313 |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | - | - | - | - |
| Operating Transfers Out | (14,356) | - | - | (14,356) |
| Proceeds from Bond Sale | - | - | - | - |
| Proceeds from Revolving Loans | - | - | - | - |
| Net Change in Water Deposits | - | - | - | - |
| Total Other Financing Sources (Uses) | (14,356) | - | - | (14,356) |
| Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 5,957 | - | - | 5,957 |
| Fund Balances (Deficits) - April 30, 2008 | 15,820 | - | - | 15,820 |
| Fund Balances (Deficits) - April 30, 2009 | \$ 21,777 | \$ - | \$ - | \$ 21,777 |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor, City Council
and City Manager
City of Kewanee, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kewanee, Illinois as of and for the year ended April 30, 2009, which collectively comprise the City of Kewanee, Illinois' basic financial statements and have issued our report thereon dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Kewanee, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kewanee, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Kewanee, Illinois' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kewanee, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Kewanee, Illinois in a separate letter dated October 16, 2009.

This report is intended solely for the information and use of the Mayor, City Council, City Manager, and management, is not intended to be, and should not be used by anyone other than those specified parties.

Doyle & Keenan, P.C.

October 16, 2009